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ADVANCED Management

MAY 1960

"The management development specialist . . . must set up experiences where men are willing to look at themselves in the mirror, to appraise their own frames of reference, to change long-standing and basic attitudes . . ."

By THOMAS H. NELSON

SOLVE YOUR PRODUCTION PROBLEMS WITH THE ALDEN WORK CENTER SYSTEM ..

The Standardized Approach to Straight Line Production and Automation ..

Alden Work Center Assembly Line with conveyors . . . made up completely of Alden Work Center System Components.

The Alden Work Center System permits a unit by unit creation of a assembly line of any length, for either manual or automatic manufactur selecting from a wide range of modular "Building Block" components th allow you to custom design your own integrated manufacturing facilitie . . . with complete flexibility for line changeover and rearrangemen as desired.

Designed for easy, rapid set-up, expansion or rearrangement to meet changing production conditions.

Operator installing Alden Individual Work Top, with job set up, into basic Work Center Frame.

Alden Basic Work Ce ter Frame (note th Alden Power Facilitie and Communicatio Channel at the back

You get Money Saving Flexibility with Alden Work Centers through Standardization. This flexibility permits rapid and complete changeover of production lines when needed. You can locate your equipment any place, with no restrictions because Alden Work Centers carry their own power. Thus all of your floor space is useable today, idle equipment no longer clutters your lines, it is stored in vertical plane libraries. You profit by operating in less space, with increased production efficiency and reduced engineering, supervision, maintenance and set up costs.

- **Pre-fabricated, Pre-Engineered Alden Power Facilities and Communication Channel Is the First Key to Flexibility.**

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The Alden Work Top is an individual unit that just slips into or out of the frame. Equipment may be mounted on it—efficient methods layouts frozen. The individual tops can be arranged and rearranged in any desired fashion, to make up the production line (expand, contract or balance as needed).

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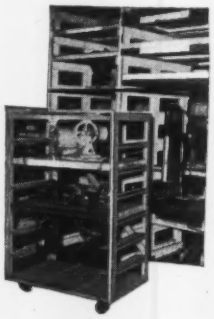
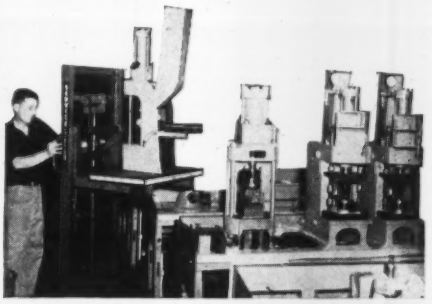
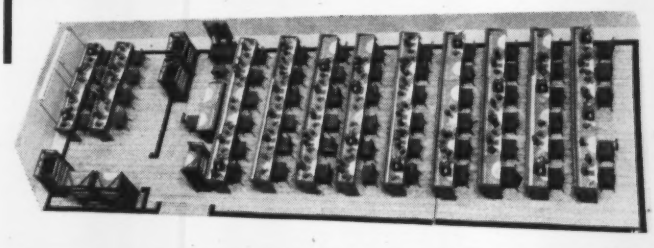


Alden Vertical Plane Storage Libraries, for storing job set ups and equipment not in use. Mobile Library is shown in the foreground.



Lift trucks are used for moving heavier equipment, work top mounted, to and from the Basic Work Center Frame.



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INDUSTRY PROVED . . . Alden Work Center Equipment is used by such firms as General Electric Co., Raytheon, Westinghouse, McGraw-Edison, Hughes Aircraft, Weston Electrical Instrument, Emerson Electric, American Bosch Arma, American Optical Co., Minneapolis Honeywell, etc., as well as by nine leading universities for Industrial Engineer Training.

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VOL. 25 NO. 5 MAY, 1960

ADVANCED Management

Progress Through Enlightened Management

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A M

Welcome! —University Division Graduates

UNDER the skillful direction of Harold Fischer, President, University Division, our student membership has become a source of increasing pride to the officers and members of our Society. These young people are the future leaders of industry and business, and we are confident that they will become the future leaders of the Society for Advancement of Management.

During the next few weeks several thousand of our University Division members will be severing connections with their respective schools, and will be moving into the business world for the first time. In keeping with our concept of "A Lifetime Of Learning", we have adopted an easy transition for these young people into our senior chapter organization. We hope that all of them will make this transfer.

It may be well to point out to the graduates that the programs of our senior chapters are predicated on the needs and desires of men and women who have gained considerable experience in industrial life. It would be unreasonable for you to expect, nor would you want, that the senior chapter should change the high level of its program simply to make it "interesting" to you. It should be your purpose, as senior chapter members, to become interested in the same things already successful managers find interesting.

To the senior chapter officers and members, however, does fall the responsibility for making these future managers welcome in our management Society. Ours is a Society which accepts its responsibility for the past, present and future contribution of Professional Management to our way of life.

While it is not necessary for us to be interesting *to* young people, it is necessary that we be interested *in* young people.

We are sure that the graduates of our University Division will find a worthwhile experience in our senior chapters. We are equally sure our senior members will find these graduates interesting and challenging as they begin to make their place in our activities.

JAMES E. NEWSOME
S.A.M. President-Elect

ADVANCED
Management
MAY • 1960

Mistakes of the '50's— —Opportunities in the '60's for Management Development

By THOMAS H. NELSON

Only through continuous education of at least its key personnel can management meet the demands of a rapidly changing economy—an economy in which a management idea ten years old must be examined to see if it is out of date

Management Development Mistakes of the 50's

A SCIENCE newscaster recently reminded us that our newest orbiting satellite was composed of over 100,000 parts. It's easy to see how something might go wrong. Management development is also probably equally complex and an inventory of mistakes made during the 50's would be almost as extensive as the parts list of a satellite.

The major mistakes, however, can be put into five major groupings.

1) In the early days the approach was *piece-meal and limited*. Management expected, for example, that an inventory and replacement program would soon provide them with fully qualified managers. But piece-meal programs got limited results.

2) The second group of mistakes had to do with educational methods. The emphasis was on instruction in knowledge rather than on education and development of the all-round person. Consequently, results were limited.

3) Thirdly, top management assumed it could delegate

Mr. Nelson is a partner in the Executive Development Department of Rogers, Slade & Hill, New York management consultants

the job by edict and that results would be forthcoming just as in production and sales. Top management too often failed to establish the climate, set the example and check the results. It often went further and called for operating results that contradicted developmental efforts.

4) Probably a large proportion of management development efforts were undertaken exclusively for the good of the company, despite the well-accepted principle that adult education has to start from the participant's point of view; it has to be for *him* first.

5) Some management development specialists became "over-sophisticated" too fast. When instruction in new management knowledge offered under typical school conditions failed to get translated into operations on the job, the management development specialist became protective and defensive and tended to say, "It can't be done. All that one can do," said the new sophisticate, "is to establish a climate and let the individual develop himself." This seems to be the current fad among a few, but it ignores the rich potential values of realistic adult education and development.

Let's examine each of these five a bit further.

Limited Approaches

Piece-meal programs were natural 10 to 15 years ago. The management development concept was new. At first the primary concern of top management was "Where are we going to get replacements for those who are retiring?" The war had stripped many companies of their best young and middle-aged men. During the war many of these had changed their viewpoints and ambitions. They were not coming back to the old jobs — even the old jobs had changed. So top management took a new look at the executive talent on hand and what had to be done to get that ready to take over.

Multi-colored charts were drawn up showing the potentials and the needs of the men down the line. These charts were kept under lock and key in top management's desks. Known as "Management Inventory and Development", they proved to be about 95% inventory and 5% development. Very few knew how to *grow* executives except to "Let nature take its course." Even when development was attempted, the programs were largely limited to supplying additional knowledge and skill; at first in the technical subject matter of manufacturing, sales, merchandising and finance. "Management" had not yet been recognized in terms of functions such as planning, organizing, directing, coordinating and controlling.

The first extensive management education program for top management in which I participated was four weeks in length. Three weeks were devoted to company policies and practices. One week, 25% of the time was devoted to "Management Functions". At the conclusion, the president said, "If we were doing this again, we would double the time on Management Functions." That was 13 years ago. Recently, I saw a company outline a five week educational program in which 80% of the time was scheduled on management functions — only 20% on company policies.

If the concept of management development was new, so was the concept of management as distinct from technical specialties such as accounting, purchasing, or manufacturing. It is important to remember that the oldest book suitable as an adult text on Management Functions is only eight years old. Ten years ago there was no organized subject matter on management. Today, it's difficult to keep up to date on it.

Another of the reasons for too much dependence on mere technical knowledge and skill *grew out* of the *prevailing* concept of education. Education, traditionally, was learning of prescribed subject matter. One learned as much as he could before going to work and then made use of it for the rest of his life. It failed to recognize first, that the world itself was constantly changing; secondly, that old knowledge was going out of date; and third, that new knowledge was rapidly evolving. Probably worst of all, it failed to recognize that education which equipped the person to manage his own continuous growth in a changing world was not limited to organized subject matter about "business."

Consequently, although much was provided in the name of management development which was good in itself, it was piecemeal. In building a wagon, four good wheels are appropriate, but by themselves they are wholly inadequate to carry a load. Personnel men working on management development found themselves busy selecting and sending likely men to colleges and universities, in addition to a wide variety of institutes and seminars. They were busy making wheels instead of building wagons to carry the management load.

Peter Drucker, in a recent article in the Harvard Business Review, says that we are guilty of grabbing at management gimmicks and gadgets while missing the real essence of the newer management concepts and principles.

Erwin K. Taylor, in the March-April, 1959, issue of *Personnel,* says, "Gadgets and gimmicks become the order of the day. Work simplification, conference leadership, role playing, brainstorming, committee management, bottom-up management are but a few of the myriad methodologies that were devised to win the uncritical acceptance of the over-anxious executives to divest themselves of a responsibility which they felt ill-equipped by talent or training to discharge in a proper manner." *Partial programs were expected to do a total job.* Education was seen as filling up partially empty storage tanks of knowledge. A full tank was supposed to make a top executive. What was done was not so wrong in itself as it was partial, piece-meal, inadequate.

Educational Methods

The second grouping of mistakes is made up of methods. Often the educational methods were too limited. The programs depended upon instructions in knowledge or skill in some specialized field. They failed to really educate. Education equips one to deal with recurring experiences more satisfactorily, including the managing of one's own growth and development. Too many programs still fail to come to grips with the emotional make-up of executives. They ignore attitudes, viewpoints and personality characteristics. The results are illustrated by the old, hard-boiled foreman, Sam, who thanked the superintendent for the course in Human Relations but said, "I'm not going to use it — the boys know I'm an SOB and I am not going to be a hypocrite too." Sam's knowledge had increased — his attitude remained the same.

A parallel limitation consisted of inadequate provision for the *transfer of knowledge into action.* Men of capacity and experience attended university courses or special seminars and slipped back into the old ineffective habits when they returned to the job. They had been taught knowledge, they had not learned to implement it. Teachers and trainers expected too much from instruction. They failed to educate. Consequently, the president of more than one company has come to doubt the value of management development plans because he saw no change in attitudes and no improvement in operations.

Even the psychologists who are playing a heavy part in management development make comparable mistakes. Too often, much too often, they have depended upon diagnosis to change performance and the layman, mystified by the modern medicine man who peers through the curtains of a man's personality, doesn't know that diagnosis must lead to prescription and prescription to action before change occurs. What is needed are psychologists and counsellors who are educationalists, not merely diagnosticians; motivators of men to improve behavior, not merely informers of men as to the causes of past behavior.

Management Development Via Edict

The third grouping of mistakes is made by top management itself, rather than the staff specialist. It consists in management development by edict, by executive order. Someone higher up decides that every supervisor should be a coach. He issues the order. It may take different forms. In one company, the boss says that everyone must have a replacement available; in another he says "coach on the job"; in a third he goes still further and provides a couple of lectures on the Techniques of Coaching.

Under these circumstances everybody talks about it for a while, they "mouth sweet sounding vocables", says a friend of mine, but the only coaching that occurs is that which was already going on. Unfortunately, however, the top bosses think they have taken care of the needs. They have joined the church, they may even attend an Easter service.

Management Development to Fit Company

The fourth grouping of mistakes is made very logically. It consists in providing management development primarily — often exclusively — for the sake of the company. The individuals involved are incidental. The program at the company headquarters, or on some prestige university campus, or elaborately at some resort center, is graciously and generously *imposed* on selected individuals who, it is assumed, ought to be happy about being included. Sometimes the men appreciate the program, but they don't like being sent and they don't like being educated without discussion of their own careers. A basic principle of adult education says that an adult will learn only when and what he wants to learn. It is fairly well accepted that education cannot be effectively imposed on adults even in prison. Why try it outside?

Management development would be much more effective if the participants could see, feel and accept its relationship to their careers. When executives reach for help in building careers companies will prosper as a by-product. It is a mistake to provide management development exclusively, or even primarily for the company, even though the participants may benefit as a by-product.

Protective Negativism

The fifth grouping of mistakes is at its height at present. Some management development specialists (note I say some) have become allergic to a new disease. It seems to grow out of a too rapid, over sophistication in psychological verbiage. Whenever they are disappointed in the amount of operating improvement, following a management development program, they take on a protective negativism. "All

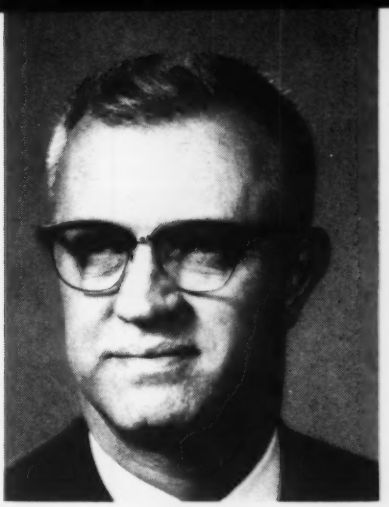
Continued on Page 24

The Staffman in the Decision-Making Process

—scientist or soothsayer?

By TRUMAN BENEDICT

The staffman is responsible, but is without authority to command. Yet his responsibility is inherently formidable, for good staffwork is fundamental to good management



Mr. Benedict, special assistant to the U. S. Army Chief of Ordnance, has for the past several years taught a course in Executive Staffwork in the Dept. of Agriculture Graduate School

A CYNIC has said, "The light colonels run the Pentagon." Beset by a multitude of problems involving relationships between many interests, each with its own bevy of articulate advocates, management must indeed depend upon the help of staff people.

Some staff members have some influential part in every significant decision made and effected by any management.

As to his part in the *making* of such decisions, the staffman is most often a "do-er". He personally does something — makes a study, proffers advice, gives a presentation — to help management make up its mind. Afterward, in the process of getting the decision carried out, he may be more of a "getter-doner". He may work with and through many people in the organization to bring to realization what has been decided upon.

How he does this important though sometimes relatively anonymous job thus becomes impressively significant, to the boss, to himself, to other management people, and to all those who are inevitably affected by the decisions he influences.

Role of the Individual Staffman

Two people set the role of the individual staffman: the Boss, and the staffman. What the boss wants often flavors what the staffman gives, but seldom absolutely. Often the boss cannot get either the scope or the kind of individual staff performance he wants, because of individual incompetency, or misunderstanding, or because sometimes the staffman is convinced he knows best what the boss *should* want. Just as often the boss has little conception of what he should expect as acceptable staffwork, and so gets less than he might. The capable boss knows, requires, and gets.

Among the factors which temper the character and adequacy of staffwork are these:

Orthodoxy. Doctrine about staffwork is traditionally long on form, and short on creativity and substance. Both the boss and the staffman will normally have been indoctrinated in such orthodoxy. Both may feel that when the traditional forms have been accomplished, staffwork is then per se adequate.

The "Born Leader". Some bosses adhere seriously to the doctrine of omniscient personality and decision by intuition. Such bosses obviously have little use for staffwork in any form.

The Tyranny of Techniques.[1] Many staff people have a ready-made answer for the boss: the "program" answer. Put together by their higher-echelon opposite numbers as a program laid down by higher management, it is (in the eyes of the *staff* ladder) *the* answer to the problems of all subordinate organizations. This is often the case in the normal staff and service functions (comptroller, personnel, etc.). Fragmentized and specialized as these staff elements often are, they sometimes tend to see their functions as ends in themselves rather than the means to mission ends which they are expected to be by others. The boss, then, must often coordinate and personally integrate all of these into effective support of the requirements of his mission elements. And the highly specialized programs of higher management all too often fail to link up in support of a subordinate organization's mission problems.

Concept of "Completed Staffwork". Often the concepts both of the boss and of his staffman are limited to those of "completed" staffwork.[2] Being common doctrine, it is likely to be an acceptable standard for both. It carries the com-

[1] Robert C. Sampson, "The Staff Role in Management", (New York: Harper & Brothers, 1955) Part One.

[2] "Completed Staff Work", Col. J. A. Lerch, JAGD, Department of the Army. "Completed staff work is the study of a problem, and presentation of a solution, by a staff officer, in such form that all that remains to be done on the part of the head of the staff division, or the commander, is to indicate his approval or disapproval of the completed action . . . When you have finished your "completed staff work" the final test is this: If you were the Chief would you be willing to sign the paper you have prepared, and stake your professional reputation on its being right?"

"The role of the staffman in the decision-making process is to put information in perspective for the managers who must make decisions. His is the role of putting timely, accurate, previously unknown facts relevant to a problem requiring decision in relation to each other and to the problem, and to communicate this information to the managers who must decide. Whatever else the staffman may elect to do, or be required to do, this is his basic reason for being."

forting illusion that if the staffwork is conscientiously acceptable to the staffman's scale of reference, its substance must also be acceptable to the boss' level, and to his scale of reference.

Scales of Reference and Their Significance

Relative scales of reference have great significance at this point. The boss' scale of reference most often tends to be broadly horizontal. For example, if his business concerns a product (automobile, machinery, toothpaste) he is much concerned with the entire span of functions (processes) which contribute to financial return from his product(s). He is interested in some degree in all the relevant processes; the performance, and the management of performance, of research, design, production, sales, service, for example. And he is concerned about the performance of the supporting functions which help him and his subordinate managers in their management of resources — financial management, plant and facilities management, personnel management — which as staff elements to him and to his product-processes elements, support his and their endeavors. The boss is broadly concerned about all of these, for he must try to integrate them all to his product-oriented purposes.

The scale of reference of each of the boss' principal assistants is normally narrower and more vertical than his own. His sales manager, for example, may think and act sales. It is the sales manager's great value that he does so. But so do the personnel manager, the comptroller, and others, *each in his own area,* for that is most likely the bent of each.

When, then, any of the staff proposes, by staff study or other device, a recommended action for the boss' decision, that staffman tends psychologically, organizationally, and ethically to be able to say, "*I* would sign this!" In his scale of reference, the proposed action is "right". But in the boss' broadly horizontal perspective of his total management problem, this narrowly vertical recommendation may just not be acceptable.

Two points emerge:

1) All staff, and every staffman, should strive to achieve the greatest insight and understanding of the boss' scale of reference, in the interest of blending the singular contribution each makes into an integrated solution to the boss' total management problem.

2) But this is not truly achievable, nor is it entirely desirable. For the great value of work specialization is its development of expertise[3], and expertise is diminished in its contribution if in council it is diluted by concern for the boss' outlook. Bringing that personal dimension to bear is the boss' business. He, and he only, can bring his personal scale of reference to the decision-making process.

A still greater reason forbids even the most expert and solicitous staffman, even one whose daily work requires him to deal broadly with the total aspect of the boss' entire problem, from himself achieving the boss' personal scale of reference. Strive as he will, he can only sense, and himself never fully experience, the load of the boss' personal accountability. As an engine under load may perform quite differently than when it is running light, so might a staffman recommend quite differently if he could truly come under

[3] Herbert A. Simon, *Administrative Behavior,* (New York: The Macmillan Co., 1957) p. 10.

[4] Dictionary of U. S. Army Terms, AR 320-5, 1958. p. 463. "Staff supervision—the process of *advising* other staff officers and individuals subordinate to the commander of the commander's plans and policies, *interpreting* these plans and policies, *assisting* such subordinates in carrying them out, *determining* the extent to which they are being executed, and *advising* the commander thereof. *Staff supervision does not incude command.*" (Underscoring supplied.)

the boss' load and thus really attain the boss' scale of reference. This he cannot do, because he cannot himself assume the boss' accountability.

Like anyone else to whom the boss assigns a task or duty to perform, the staffman becomes *responsible* to the boss for that performance. *Un*like others, he may *not* be delegated command authority to exercise over the boss' subordinates in performing his task, on pain of losing his status as a staffman. For however they may differ otherwise, the standard authorities seem to agree that the staff role, and the functions of staff supervision[4] do *not* include command authority. The staffman, then, is responsible for performing his duty without the authority of command.[5] And the language of duty and obligation encourage him to accept in his staff role a moral as well as a legalistic mandate to perform effectively, but to do so without the assumption of authority.

Magnitude of the Staffman's Responsibility

Along with his lack of authority, the staffman must assume a formidable responsibility. He may be assigned all the responsibilities of "staff supervision". Orthodox military doctrine says the (corporate) staff assists the commander by providing information, making continuing estimates, recommending policies and plans to implement the commander's decisions, translating these into orders, and exercising necessary supervision of their execution. Sampson assigns to certain staff people a major role in management development.

Put simply, the magnitude of the staffman's responsibility stems from the fact that good staff work is fundamental to good management. Sound management is impossible in an organization of any considerable size without sound staff work, for the work of staff people is to the other processes of management what the woof is to the warp in a fabric. Without the inter-weavings of both strands, the result resembles nothing so much as a disastrously tangled fishing-line.

And the woof must work without any semblance of the power of decision, and without dissembling as to its total lack of authority. For the role of staff is a role of service.

What Kind of Service?

To the management services staff people, Sampson assigns the function of assisting line management in its planning task in organizing and administering, but not in deciding, doing or controlling tasks. Their function is to improve the management process, but without making management's decisions or doing the management job.[6]

The service of staff is to make an integrated entity of the mission processes, as the woof makes an integrated fabric of the warp threads in weaving. The staff service is to bring order and integrity to the fabric of management. Staff does this by bringing *system* to the management process.

The word *system* has two definitions:

1) *System:* a group or assemblage of objects forming a whole. An auto, a boat, a typewriter, are examples; so is the Jupiter guided missile *system*. Employed this way, system connotes an end object or end item. Production, sales and service of its automobiles is the major end objective of an automobile manufacturing company.

2) *System:* an orderly method, a set of coordinate doctrines. *System* used in this sense refers to a *means* rather than to an end, an *orderly* means, an orderly way, a coordinated, integrated way.

The service of staff, in an organization devoted to the production of missile systems for example, is to bring the system of orderly method to the processes by which the missile system is produced, all as a service to the managers of that infinity of processes. His own method will determine the staffman's acceptability, and the acceptability of his services to managers. His skill in counseling, whether his methods are those of the legal counsellor, or more those of the expert employee or guidance counsellor, will often determine his degree of accomplishment. For like him, these counsellors, too, are without *organizational* authority. That personal "authority of ideas" which they may legitimately possess may also characterize the expert staffman.

Service To Whom?

In his service role, the staffman is seen to have, not one boss, but many. In complete contravention to the notion of a single authorized boss, his boss is plural, and the more plural the better. The staffman's net worth in the organization can be gauged fairly by the number and kind of his bosses — those whom he serves. These are the managers, of high and low degree in the organization, who covet and seek his services. Normally, the more of these bosses he serves, the greater is the affirmation of his contribution to *their* solutions of *their* management problems, and the greater is his worth to the organization.

In the same sense that the success of the doctor, the attorney, or the contractual management consultant is gauged by the number of his clients (his customers, and his "bosses" so far as satisfying their needs is concerned) just so the success of the staffman is most effectively judged by the number of *his* clients, *his* customers, *his* "bosses", and the extent to which they seek his services.

This is the staffman's service. In performing it, he is sometimes something of a scientist, and sometimes something of a soothsayer.

A scientist, by definition, specializes in science, and science is knowledge, as opposed to intuition, or belief. Science is systematized knowledge, and a scientist is the possessor of such knowledge.

A soothsayer, the derivative of which is "one who speaks the truth" — is a person who predicts or pretends to foretell the future.

The staffman's most reliable value is normally his exper-

[5] Staff Officers' Field Manual, FM 101-5 (Dept. of the Army, 1954), p. 7. "A staff officer has no command authority except over the members of his staff section." This discussion purposely neglects any authority and responsibility the staffman may have as to *his own* staff; i.e., people under his supervision who assist him in performance of his staff assignment. These he "commands"; over others, he has only "staff supervision" as to his assigned area of staff responsibility.

[6] Ibid. p. 46.

tise, his knowledge in his specialized area. Bosses deal in many specialties, without the time to learn all. They therefore must depend upon staff to make available an expert skill and knowledge in requisite specialties. In effect, the staff specialist in X function is "Mr. X" for the organization, by virtue of his "systematized knowledge" of his specialty. Such a one is probably more properly a scientist than a soothsayer, especially since his personal intuitive powers probably are generically no greater than the boss' or anyone else's. His specialized knowledge can and should be, if for no other reason than that he has time for practice and the gaining of expertise in his specialty. But it nevertheless is not too much to hope that the staffman is at least like the soothsayer in being "one who speaks the truth" as he sees it.

Singular Role of Staff in the Decision-Making Process

Staff people, then, are scientists in that they are possessors of knowledge as opposed to intuition; are derivers of systematized knowledge in their fields of expertise. *Not* capable of intuition as to future courses any more than the next one. *Assistants* in the taking of decisions, but not deciders. Purveyors of service in the taking of decisions, but in ways designed to strengthen those who, because they are accountable, must themselves take the decisions — the managers of the enterprise.

When staff people think of themselves as scientists, some of the tools of science which have applications in staffwork find application among them. For example, the term "data". *Data* can be defined as any facts that are a matter of direct observation. *Information* can then be defined as data that are new, accurate, and timely, and, for business use, understandable and relevant to a matter under consideration and about which the manager can decide.[7]

The singular function which is a legitimate common denominator of all staffwork is this: the role of the staffman in the decision-making process is to put *information,* as defined above, *in perspective* for the managers who must make decisions. His is the role of putting timely, accurate, previously unknown facts relevant to a problem requiring decision in relation to each other and to the problem, and to *communicate* this information to the managers who must decide. Whatever else the staffman may elect to do, or be required to do, this is his basic reason for being.

Information may indeed be put into perspective and communicated by means of a staff study. This result may also be accomplished, and perhaps done better on occasion, by a memorandum, a chart or series of them, a presentation, a situation briefing, a conversation, a thermometer, a compass, an oscillograph, a radarscope, or a missile tracking system. All of these tools have one thing in common; each has a definite utility in communicating to deciders information in perspective, in the sense discussed here — relevant facts in relationship one to another and to something requiring decision.

The skilled staffsman will invariably consider simultaneously the best means both for putting information in perspective *and* for communicating it to all participants in the decision-making process. He will seldom limit himself to one or another of these tools, but rather will employ that combination among all of them best suited to communicating information in perspective about a particular problem which requires a decision to all those who must participate in taking the particular decision.

Conclusions

Staffwork is a means to an end, and *not* an end in itself. In the decision-making process, it is a means for putting information in perspective for those who must make and effectuate management decisions. The staff role is thus a role of service to managers.

The staffman's position confers no organization authority upon him. His sole authority is the "authority of ideas". That authority is pertinent to himself, and not to his position. It derives solely from his personal capabilities.

The staffman is responsible, but without authority to command. Yet his responsibility is inherently formidable, for good staffwork is fundamental to good management. The staffman is a catalyst in the management process — the woof to the warp of the management fabric, as to his assigned area of management responsibility. If system — orderly method — is to be achieved in an organization, it is best brought about by the boss through employing his staff as the woof to the warp of his mission managers, in weaving a coordinated fabric of management.

The staffman must evidence creative leadership among people not under his authority, but whom he must serve singularly well, if integration of the management fabric is to be achieved. The legitimate common denominator of his service is exemplified in the decision-making process: It is to put information (timely, accurate, relevant data previously unknown) into perspective, and to communicate it to those who must decide and act on matters to which the information is relevant.

As the scientist serves many, so may the staffman serve many. His "bosses" are his clientele. The more plural they are, the better for his business and the greater his contribution to management. In this role, the doctrine of "completed staff work" does not seem sufficiently complete, for the scale of reference of the staffman differs from the boss'; because he lacks the dimension of personal accountability, the staffman's judgment may be unacceptable.

The tools of the staffman are all the conceivable tools appropriate to putting information in perspective and to communicating it. These tools are the means of the staffman, and they are many; the orthodox staff study is only one among them. The staffman, as a scientist, may legitimately borrow and apply any of the concepts and tools of science appropriate to his occupation. And craftsmen among staffmen may legitimately apply the methods of science to the forging of new tools for communicating information in perspective when existing tools do not meet the needs of a particular management situation. ■

[7] Robert E. Gregory, *Automatic Data Processing Systems: Principles and Procedures* (a book written for the Army Ordnance Corps, 1958) pp. 282-283, and Glossary, Appendix I-10.

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Science and the Collapse of Legal Lead Time

By WILLARD C. UNKENHOLZ

A SPECIALIST has been humorously defined as one who continues to learn more and more about less and less until he knows everything about nothing. In a sense he indulges in the differentiation process of the calculus wherein concentration is placed upon an element that approaches zero in magnitude. The generalist on the other hand boldly launches out on an opposite tack with the comic ultimate being reached when he knows nothing about everything.

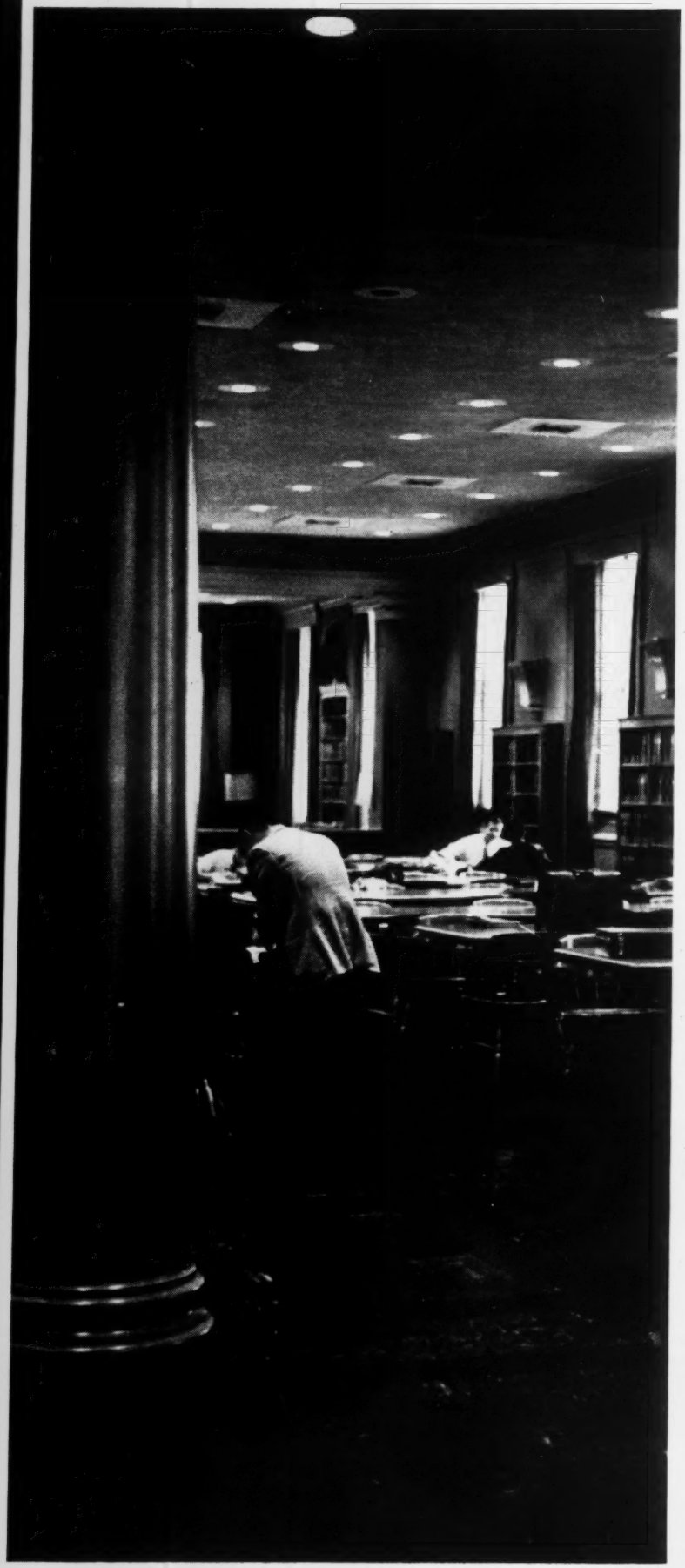
More seriously explained, the function of the generalist is to integrate the diverse disciplines of the various specialties involved in an activity into a combination of overall optimum efficiency and effectiveness for accomplishing established objectives. Because of the wide scope of the specialties involved in a large scale program, it becomes necessary for the generalist to avoid entanglement and inevitable strangulation in the infinite detail of modern day specializations. Rather he has to achieve a competent understanding of the fundamental concepts of each field and of basic facts by which these fields can be inter-related.

There is one basic, fundamental fact having a tremendous bearing on almost every facet of modern day life, which, although aptly identified and described by some writers and lecturers in the field of science and technology, has failed to be recognized as such by the generalists. Nor has the import of this fact been widely enough applied by those few who have grasped its awesome impact and attempted to bring it to more general attention.

The fact is this: *The total combined progress of man in the field of science and technology in all his days on earth prior to the end of World War II has been surpassed in the decade and one-half since the end of World War II!*

To state it differently, there has been greater progress in the lifetime of your teen aged children than had been achieved since the time of Adam and Eve up to your children's birth. This has been described in the literature as the "collapse of lead time", where lead time can be generically looked upon as the time between the initiation of an action and its completion. The extent of the implications of this fact of the scientific world on the law has not been given proper consideration—to highlight one inter-relationship of importance that has been generally overlooked.

An analysis of the basic impact of the collapse of lead



time in the scientific and technological field shows two interesting results:

1) All other fields directly related to the field of science and technology have necessarily striven to achieve similar compression of lead time.

2) In attempting to cut lead time they have relied heavily on the field of science and technology.

For example, the concepts of national defense are directly geared to the field of science and technology. Furthermore, since industry's greatest single customer is national defense, the pace of technological change in all of industry has been accelerated by the pace established by the national defense effort. An indication of this impact is the conservative estimate that a majority of the product of the electronics industry ten years from now will be based on technology unknown today. Similar impact has been experienced in other major elements of our economy — distribution and agriculture. The tempo of the management decision making process in its broadest sense has been tremendously accelerated to provide the requisite timeliness of planning and control.

In all those fields vast amounts of data are rapidly processed by automatic data processing systems, analyzed by computers, and made available for management decision making. Application of the most advanced techniques of scientific management has cut lead time in the management field and in the office as well as in the factory. Operations research has applied scientific methodology with startling results to a vast array of activities hitherto directed on an almost archaic, subjective basis.

But is the field of law so related to the field of science and technology that it too must cut its lead time if it is to keep pace and place? If so, can the law field rely on science and technology for material assistance? The answer to both questions is definitely yes!

Large segments of the legal world are directly related to the activities which themselves are directly reacting to the pace set by the scientific and technological profession. Other segments are directly involved in management of industry and government. All elements of the legal world are feeling the impact of the increased tempo of an expanding economy.

Use of Scientific Techniques in Law

All elements of the legal world can apply techniques to a greater or lesser degree to attempt to collapse legal lead time that have already been applied in other fields to cut lead time. These range all the way from simplification of procedures and forms in the law office to the application of operations research and automatic data processing to a whole field of law. Take for example the project in which the General Electric Company is building a high-speed prototype of a Western Reserve University "searching selector" which will enable a whole year's metallurgical literature in the form of abstracts to be searched in six minutes. Is it less important that a similarly thorough and rapid search be available to all lawyers of the interpretative pronouncements set forth in the rulings of the Bureau of Internal Revenue?

Another view of what could be accomplished was pre-

sented in a paper at the Symposium On The Mechanization Of Thought Processes conducted by the National Physical Laboratory of the Department of Scientific and Industrial Research, Teddington, Middlesex, England, in November 1958. In this paper entitled, "Automation in the Legal World," Dr. L. Mehl, a French jurist, discussed, in addition to machine retrieval of legal information, the automation of legal argument, the basic logical concepts involved, and the limits to its application. Despite the difficulties and limitations involved, he leads one to the conclusion that machine processing of such information is becoming essential.

Of patricularly fundamental importance is the relationship of national defense and the law. Since the founding of our nation it has been necessary for us to rely on our military might to provide the incubator of protection in which the ideal of freedom under law as conceived by our founding fathers and embodied in the Constitution could develop and mature into our present virile, practical system of Government. Equally important has been our dependence on our military forces to provide the precious time in which international law could be developed with the goal of abandoning the rule of force and substituting the rule of law to settle international disputes and guide the intercourse among nations. With science and technology catapulting the field of military science and tactics into the space age at an astounding rate, the time provided for legal germination is at least tremendously compressing if, indeed, it is not collapsing.

It is gratifying to note that the Bar is leading the way in what is being done to further the rate of progress of the law in the space age. The American Bar Association's Special Committee on World Peace Through Law and the Sub-Committee on Electronic Retrieval Devices are excellent examples. These are the spearheads. To be sure, dramatic scientific breakthroughs occur from time to time based upon the brilliant flash of genius of an individual. The vast majority of progress in the field of science and technology, however, is attributable to a massive, methodical, well-financed effort throughout the entire profession.

Similarly, the need is not just for legal spearheads but for a widespread, across the board effort in every aspect of the law and legal administration and by every element of the legal profession. Research and development is a major, full-time, suitably-funded function of the scientific and technological world. The cost has been tremendous in manpower, materials and money. However, scientific progress has been commensurate with the cost. Approximately financed and permanently staffed programs need to be pursued if legal lead time is to be collapsed—and it must be collapsed.

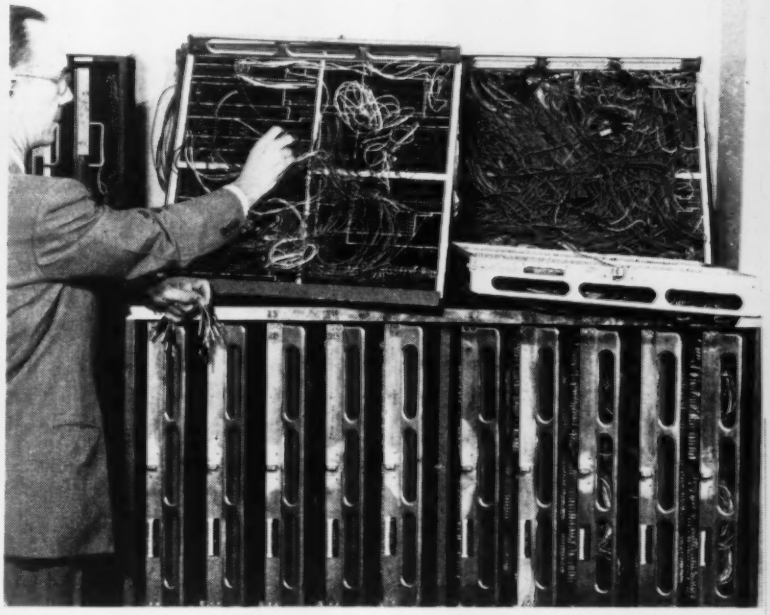
Two time tested legal maxims coupled together strike the keynote for the future founded upon experience of the past:

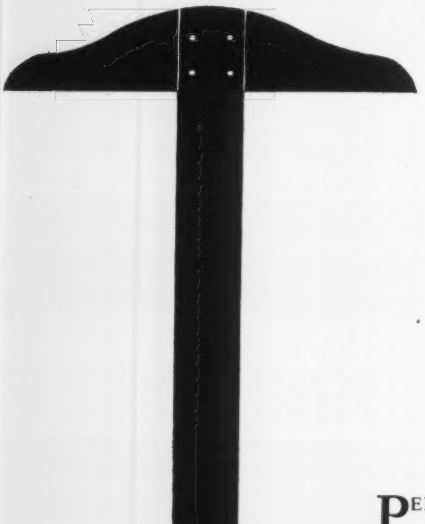
Lex dilationes semper exhorret et

Lex non intendit aliquid impossible

"The law always abhors delays" and "the law does not intend anything impossible". With the help of science, the scientific method, and legal research and development of significantly greater magnitude, essential collapse of legal lead time is certainly not impossible. ■

Time spent in searching for legal decisions and interpretations in law libraries (opposite page) may be shortened via the use of high speed data processing systems (below).





Engineering Departmen

By S. W. BROSSMA

PERSONALITIES aside, problems of organization usually arise because of a clash between quality and economy. Specialization leads to high quality and low economy. Centralization leads to low quality and high economy. Theoretically, industrial engineering departments can achieve maximum economy with one group doing all drafting, one doing all designing, one doing all testing, and so on. And they can achieve maximum quality with each major project office doing its own drafting, its own designing, its own testing, etc.

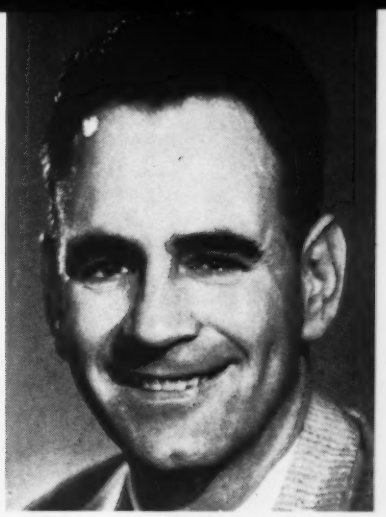
These principles apply to most organizations. Counties can save tax dollars by operating one fire department for the entire county, one police department, one water department, and so on. But cities can give better government by operating their own fire, police, and water departments. Colleges can offer more education per tax dollar by creating one large class each for physics, surveying, mathematics, and so on. But colleges can offer *better* education by creating small classes for these subjects. And so on.

Each organization must make its own adjustments and compromises within the limits of quality desired and restrictions of economy required. Budgets are, after all, the real stuff of life, and all our dreams and ideas must conform to the realities of life. Cities usually operate their own fire and police departments, but many of them contract with counties for health and tax assessment services. And colleges cannot afford one teacher per student, so they usually organize classes into a compromise of about 35 students.

Engineering departments too must make their compromises. They cannot permit every little project to do its own drafting, designing, and testing because there's the matter of red ink to think about. So to assist the projects, separate groups are set up to do the drafting, designing, and testing for these small projects.

Now, what about the big projects? Should they do their own drafting, designing, and testing, or should they farm out these chores to first-line groups? And, anyway, how are you

"The trouble sometimes lies in the obvious fact that the advance *are*



Dr. Brossman, former businessman, engineer, editor and communications consultant, is currently chairman of the Language Arts Division at Chaffey College, Alta Loma, Calif.

...organization

going to distinguish between little projects and big projects?

If an engineering department wants to reach a compromise, it will be reached, in my judgment, according to the size of the project — which, after all, can be defined in terms of the size of the contract, amount of money, number of manhours, and so on. Like most problems, the knot lies in the decision-making. Once the decision is made, there's no more knot — all you have to do is go to work.

Thinkers vs. Doers

In some industrial engineering departments the road leading to and from their advanced engineering sections and their product engineering sections is a wee bit bumpy. Somehow or another, the marvels of macadam have not reached every industry. Theoretically, when the idea-people have completed their project, it goes over to the development-people, who get it ready for the factory. The trouble sometimes lies in the obvious fact that the advance engineers are interested mainly in the idea, and the product engineers are interested mainly in the product. But in any successful operation these two functions must somehow merge or integrate in order to make the transition as smooth as possible.

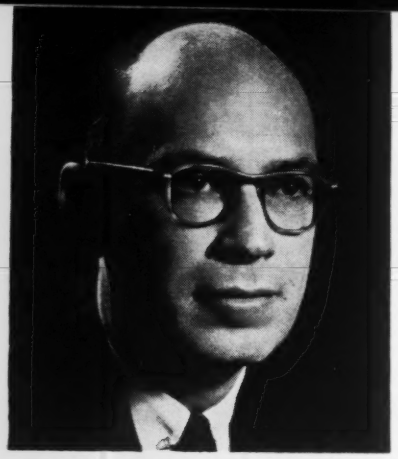
Let's say that one of the problems of an engineering department is in redesigning. Since the advance engineers know more about ideas than products, they make designs to get the best ideas. And since product engineers know more about products than ideas, they throw out the whole kit-and-kaboodle and redesign it so that the factory can make it. Then the bearded advance engineers raise Cain and say the product engineers are wasting money, and the clean-shaven product engineers bury Cain and say that the advance engineers are impractical.

There are at least three ways to overcome this problem. One is to require all engineers either to grow beards or shave daily. The second is to place product engineers in advance-project offices to advise as the original designing is taking form. With mutual cooperation between the thinkers and the doers, the road can be made smoother.

A third way is to move your advance-project people along with the project as it goes from advance engineering to product engineering. This may present some new administrative problems in your engineering department, but they may be easier to overcome than present problems.

There is no question but that the decision regarding technical project offices as opposed to administrative offices is basic to any engineering department's general problem of organization. In my judgment the answer is not to eliminate all technical or all administrative project offices — life is not made up of blacks and whites but of grays. Nor is the answer to make all project offices technical in your advance engineering stage and all project offices administrative in your product engineering stage. Project offices should be technical or administrative depending upon the size of the contracts — big projects should be technical and little projects administrative. ■

...are interested mainly in the idea, and the product engineers are interested mainly in the product"



Dr. Heidingsfield is manager of market research for the Radio Corp. of America's Consumer Products Division

Marketing Strategy

MOST business organizations, whether they produce a product or market a service, combine raw material, machinery and money for the express purpose of making profitable sales. If this assumption is correct, marketing therefore, becomes the key activity of any business. The consumer's right to buy or reject a product or service in the market place is the basis for the success or failure of any business.

It becomes apparent that the consumer holds the key to almost any kind of profit making operation. Therefore, it is evident that a market plan or program, strategically administered, is the ultimate business operation — based upon the correct use of market information.

Basic Elements of a Market Plan

What are the basic elements of a market plan or program?

1) The forecast becomes the cornerstone by which Management makes policies and operational decisions with regard to the raw materials budget, manufacturing budget (for a product or product mix) and the allocation of distribution and trading areas along with construction of sales quotas and incentive plans.

2) Marketing communications encompass the proper combination in a plan, of the persuasive elements of the marketing operation. This includes the program for advertising, promotion and personal selling. Conversely, it also implies a reversal in the flow of information from the consumer in the market place and the distribution complex, back to the business organization, which may revise its plan and strategy accordingly.

3) Market composition embraces a quantitative evaluation of the trading area where maximum penetration is the objective. This includes evaluation of the retailing and wholesaling structures, the socio-economic characteristics of the prospects and the market segments.

It should be noted that in evaluating the composition of any market, the problem of segmentation arises. This means that different markets have entirely different kinds of potentials, which may demand a different combination of persuasive elements and distribution mix. Although there is no formal definition of a market segment, a working one may be considered to be a minority of consumers who are homogeneous in their attitudes and potential buying decisions regarding a product or service.

4) Product mix and prices, although part of the above, emphasize the element of pricing for both new and old products in the mix, in such a way as to achieve maximum consumer acceptance along with maximum total net profit.

The over-riding responsibility of marketing management consists in selecting the optimum combination of persuasive devices and physical distribution techniques

Within the Market Plan

By M. S. HEIDINGSFIELD

Marketing men generally recognize the fact that in order to meet competition, prices are set as low as possible for each individual product or service, but that the mix is so integrated as to result in a high net profit rather than a high unit profit for each product in the line.

5) Choice of distribution channels is that operating procedure in marketing which deals with the physical activity involved in transporting, warehousing and placement of a product. This is the complement of the persuasive area of operation. Generally, physical distribution of a product or products is organized in order to keep the cost of such distribution to a minimum, yet at the same time, assure optimum placement of a product or products.

6) In any marketing plan, a company must take into consideration its place in the industrial hierarchy to which it belongs. If this qualification is not considered, sales potential may be either exaggerated or underestimated. The qualitative and quantitative relationship that each company has in its relationship to the industrial complex permits marketing management to assess realistically their position and their plans.

What Are the Elements of Marketing Strategy?

Although there have been a number of articles and books devoted to strategy, it is very difficult to uncover what is generally meant by this term. According to the dictionary, it is "Generalship; the science or art of combining and employing the means of war in planning and directing large military operations". It has also been defined as skillful management in getting the better of an adversary or obtaining an end. Sometimes, it is considered the method of conducting operations through maneuvering.

Therefore, in marketing, the market plan previously described becomes the basis for the strategy. However, in executing such a plan, it is important to recognize that there are two fundamental elements amenable to "artful management" or "adroit maneuvering". One is composed of the application of the persuasive element; that is, advertising, promotion, selling and merchandising. The other is the strategy designed to optimize physical distribution.

As indicated, this combination of persuasive devices must recognize the fact that customers may be divided into segments, and that advertising or sales appeals must be tailored accordingly. Ultimate consumer segments are generally differentiated on the basis of the families' position in the social hierarchy, its size, age and economic well being. Moreover, there are certain psychological characteristics which will differentiate groups in such a way that the combination of

promotional appeals must vary if the marketing plan objective is to be gained.

Another area of strategy deals with the level of product quality, pricing, availability of credit and general performance characteristics. Along with this must be the right combination of distribution channels, transportation and inventory controls so that any strategy used at the persuasive level is completely complemented by the physical operation in moving goods to the several market places.

It is relatively simple to talk about these two areas of strategy, but the over-riding responsibility of marketing management consists in selecting the optimum combination of persuasive devices and physical distribution techniques. Much of the decision will be aided by that part of the marketing plan that deals with the collection and analysis of market information.

Importance of Marketing Research

What is the operational procedure which is fundamental to the marketing plan and therefore, the strategy?

There can only be one answer to this question—that is the accumulation of market information in depth. Without it no plan can possibly be devised and no strategy successfully executed. The technique for accumulating market information generally is called marketing research. The basic sources from which it is derived are:

1) Published material
2) Business and accounting records
3) The market place

It has been my experience that before a basic marketing research design can be constructed, it is necessary to pull together all of the available material bearing on a particular product problem. This is done very quickly through a thorough search of industrial, government, university and other sources, which will describe various aspects of a product problem. These can be brought together and if effectively organized and analyzed, will become the foundation for more intensive market research. Infrequently, these data may be sufficient, but not usually. One of the areas which business firms consistently overlook is the wealth of material found in their own business records. This may include accounting records, specific kinds of statistical reports, reports worked out by management firms and data derived from confidential reports available from trade association.

Probably the most elementary way to use internal information for the purpose of collecting marketing information and making management decisions regarding the evaluation of a market plan is called ratio analysis. In addition to the commonplace financial ratios with which most marketing managers are familiar, it is important to recognize that there are other data which are amenable to the application of this method. These include construction of merchandising ratios such as gross margin divided by cost of goods sold, net sales divided by average inventory, and net profits divided by net sales. Moreover, this same kind of approach can be used for a rough measurement of advertising by dividing the cost of advertising by net sales and the cost of point of sales promotions by net sales. All such ratios should be plotted for a period of from five to ten years against a series of industry standards showing minimum and maximum limits. Thus, by having these on graph paper and kept up to date on a monthly basis, marketing management is in a position to obtain a quick picture of the operation and problems which may be evolving as a result of a previous plan and the strategy employed.

In addition to this kind of ratio study, there are a number of other data which can be taken from accounting and sales records and put into chart form. These may be sales by product, by areas, by distributors and by kinds of dealers. Moreover, sales analysis may include measurement of actual sales performance against computed potentials by areas, regions and even single markets. These data can be buttressed by relating sales findings to advertising and promotional combinations which have been decided as being most beneficial for a particular market segment or area.

In addition to information obtained through published sources and internal business records, there are methods for obtaining information directly from the market place. One is known as qualitative research, wherein socio-psychological techniques are employed to measure attitudes, opinions and some not easily discernible reasons for consumer actions related to the purchase decision. This same kind of technique may be used in obtaining similar information for retailers and distributors. Sometimes this method is called motivational research — although it is more than that. It is also used to measure a corporate image, product attitudes, color acceptance or non-acceptance, attitudes toward packaging and reactions to special kinds of copy used in both print and broadcast media. Obviously, this qualitative approach is expensive and generally cannot be used alone, as the sample from which the data are obtained is normally small and cannot be projected.

Therefore, a second method knowns as the quantitative study comes into play. This takes the findings of the qualitative data and conventionalizes them by putting them into a structured data form. This questionnaire is composed of short answer questions which may be used to collect information from a sample which may be projected. Generally, these findings may partially or completely corroborate the findings derived from the qualitative study. This, plus the material obtained from published information and internal records, becomes the operational base for the construction and execution of the market plan and the related strategy.

Conclusions

The market program is based upon precise use of information if the proper marketing mix is to be maintained and the proper strategy employed. It should be pointed out that there is also a need for additional understanding of the behavioral sciences in marketing which will utilize special applications of knowledge of social psychology and cultural anthropology to attitudes and the purchase decision making process.

The entire process comes down to a formulation of market objectives, collection and analysis of marketing information, construction of a market program and the design of the strategy. This should result in optimizing market return in light of available budget and managerial talent. ■

Management, as the coordinating center of all interests and groups, must make certain that its ethical code relates to each one

Ethical Standards of Conduct in Business

By LEON C. MEGGINSON

MANAGEMENT is that group of individuals which has the responsibility for balancing the conflicting interests of the various groups that enter into a business transaction. The groups that come into conflict in any business enterprise are: the owners, the employees, the governments, the suppliers of materials, the competitors, and the customers. What do these various groups want? The owners want more dollars of income, the employees want more dollars in wages or other benefits, the government wants more taxes, the suppliers want higher prices for their commodities, the competitors want more of the business, and the customer wants more for his money.

In our capitalistic economy the manager has the primary responsibility of being a good steward of the rights of the owners of the business, for they comprise the group that hires him. However, there are other responsibilities that are not as self-evident. It is the manager's responsibility to settle the differences between the conflicting interests and maintain *balance* in the business organization.

In dealing with these conflicting groups, management has no power except the power of persuasion. We do not believe in the concept of the utilization of force as an inducement to productivity. The conflicting groups, however, do have power at their disposal. If the owners do not get what they want, they can close down the business and no more pro-

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"The increasingly widespread ownership of business capital and the rise of the professional management group have added additional areas to human relations." Above, a typical AT&T stockholders' meeting.

ductivity will result. If the employees do not get what they want, they can strike or otherwise withhold their labors from the manager. If the government does not get its increased taxes and other concessions, it can take over the business. The suppliers have at their disposal the right to withhold goods and services from the company. The competitors have the right to use any legal method to force the manager to compete fairly with them. The customers probably have the greatest degree of power for it is their desire for goods that keeps the business going. The manager then must satisfy these demands or the business will not survive. In dealing with these groups, management should apply ethical standards to its conduct.

Evolution of Ethical Standards

Standards of business conduct, as all ethical standards, have their geneses largely in the moral codes of the religious doctrines which are accepted by the particular society. This tends to act as a unifying force toward acceptance of given moral concepts by a majority of the citizens of the society. Nonetheless, since the answer to any question of morality hinges in the relative and qualitative criteria of "right" and "wrong," the problem of what constitutes proper business conduct is controversial.[1]

Regardless of the differences of opinion which may arise in any discussion of what is a rightful business practice or what is wrongful conduct in a complex and competitive business economy, it is essential that some standards be set and authority be given to see that businessmen measure up to them. Formerly, in a simple economy, public opinion and its resistance to unethical conduct was considered sufficiently forceful to keep businessmen in line. Just before the dawn of the present century, a discernable change began to occur in the social and economic forces which so strongly influence public opinion of "right" and "wrong." Standards of morality were viewed with a new objectivity, possibly due to the complexity of the developing industrial economy and the attendant distance between maker and buyer in trading transactions. Or perhaps the tremendous increase in the numbers of people engaged in business pursuits as the transformation was made from a simple agrarian society resulted in more thought being devoted to what rightful business conduct should be.[2] Whatever the responsible forces, the fact is that the void between man's three sets of moral standards — his treatment of other people, the treatment he expects others to accord him, and the manner that he thinks other people should treat each other — began to close, and a more objective view of standards resulted.[3]

This transition did not result from an overnight conversion of the population to "higher thought," but as with all changes involving people, was a gradual shift to meet the

[1] Ralph C. Davis, *The Fundamentals of Top Management* (New York: Harper and Brothers, 1951), p. 116.
[2] J. Whitney Bunting, *Ethics of Modern Business Practice* (New York: Prentice-Hall, 1953), p. 19.
[3] Frank Sharp and Phillip Fox, *Business Ethics* (New York: D. Appleton-Century Co., 1937), p. 3.
[4] James Melvin Lee, *Business Ethics*. (New York: The Ronald Press Company, 1926), p. 20.

irresistible demands of both economic and social changes.

What then is meant by the term "ethical standards of conduct in industry"? Various authorities seem to be in fair agreement as to the general meaning of the term "ethics." That they are not as yet in strict accord is evidenced by the following quotations:

> In every field except ethics the business man is concerned primarily with things as they are. In ethics, however, he is concerned with things as they ought to be for himself and for his competitors.[4]

> Ethics, or moral responsibility, as it is sometimes called, consists of a body of social laws and theories that has grown and evolved through the ages from as far back in history as man has recorded life.[5]

> . . . ethics, the study of moral principles and conduct.[6]

> Truth is absolute, but ethical standards are relative; they exist to meet the practical needs of people in varying situations and circumstances.[7]

> Ethics is the science of conduct . . . But by no means all of conduct concerns us in a study of Ethics. Clearly a large part of our conduct is without ethical significance — neither good nor bad, right nor wrong, moral nor immoral, except as special conditions may affect the action or its results.[8]

> Ethics deals with personal conduct and moral duty and concerns human relations with respect to right and wrong.[9]

From these statements we may evolve a definition of ethics that would include the concept that ethics is a code, or set of rules, that determines the degree of rightness of conduct involving oneself, oneself and another person, or another group of persons.

Evaluation of Conduct by Results

The use of the ethics code as a measuring device is inherent within the definition and meaning of ethics. The pragmatic application is at once obvious. If the results of a person's conduct are beneficial, good, or at least innocuous, then the conduct is right or ethical. However, the intent motivating the person conducting himself in a given manner should also be measured. If one intended the results of his conduct to be beneficial or good, then the conduct is right or ethical. However, as quite frequently happens, good results are the fruit of evil intentions and compelte fiascos result from the best of intentions; therefore neither measurement can be used to the exclusion of the other. In the dynamic world of business and management, where time for meditating upon the intents of one's conduct is crowded out by the necessity of deciding what future conduct is to be undertaken, only the results of a person's actions are usually measured in determining if conduct is ethical.

Business ethics are complex. It is insufficient simply to state that man is his brother's keeper, that he must conduct himself in fairness and honor to every other man and to all men. The profit motive and the "living wage" concept indicate that there are areas of self interest that must be considered. The increasingly widespread ownership of business capital and the rise of the professional management group have added additional areas to human relations. A code of ethics then must pertain to different groups as well as to different persons. Management as the coordinating center of all interests and groups must make certain that the ethical code relates to employees, to owners, to customers, and to society. Government is a device of society and may be included, along with competitors, with all persons or groups not part of the first three named.

External vs. Internal Standards

The ethical standard does not arise complete and full grown from some one source of authority but tends to vary with time and the character of the persons and groups concerned. Business ethics may consist of standards set by society or some other group or combination of groups outside the strict confines of business activity. These may be called *external* standards. These standards are recognized by managers, willingly or not, and influence their conduct. Ethical standards, however, may also be determined by management or some other group or combination of groups within the strict confines of the business itself. They may even be set by the individual himself. These may be called *internal* standards. Management, of course, must accept such standards before they can be considered internal ethical standards.

How should we view the application of ethical standards to our daily activities? Mr. Herbert J. Taylor, Chairman of the Board of Club Aluminum, Inc., and President of Rotary International, made a practical suggestion during Rotary's Fiftieth Anniversary celebration. He said there was a four-way test, or ethical yardstick, to determine the rightness or wrongness of a business action. When there is a question in his mind, he asks himself:

1) Is it the *truth?*
2) Is it *fair* to *all* concerned?
3) Will it build *goodwill* and better *friendships?*
4) Will it be *beneficial* to *all* concerned?[10]

Dr. Alfred P. Haake, author, lecturer, and consultant to General Motors, Inc., said there are three principles that need to be applied in getting an individual to want to do the things that he ought to do. They are: "Ye shall know the Truth and the truth shall make you free"; "Do ye unto others as ye would have others do unto you"; and "Love ye one another even as I have loved you."[11]

Admittedly, these solutions are ideal, but then if we do not attempt the ideal, how can we hope to achieve it? ■

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[5] J. Whitney Bunting, Editor, *Op. cit.*, p. 3.

[6] Carl F. Taeusch, *Professional and Business Ethics.* (New York: Henry Holt and Company, 1926), p. 4.

[7] F. P. Bishop, *The Ethics of Advertising.* (London: Robert Hale Limited, 1949), p. 87.

[8] Everett W. Lord, *The Fundamentals of Business Ethics.* New York: The Ronald Press Company, 1926, pp. 14-15.

[9] George R. Terry, *Principles of Management.* Homewood, Illinois: Richard D. Irwin, Inc., 1953, p. 59.

[10] H. J. Taylor, "Morality in Business," *His,* January, 1956, Vol. 16, No. 4, p. 26.

[11] Alfred P. Haake, "Roots of Human Relations," *Proceedings of the Twelfth Annual Louisiana Personnel Management Conference,* L. S. U., Feb. 23, 1956, pp. 63-65.

Management Development Opportunities

Continued from Page 7

one can do," they say, "is to establish a climate." This small, but rather vocal group seems more anxious to emphasize the limitations they meet than to find new and better ways to capitalize on the rich possibilities of growing executives in a rapidly changing socio-economic culture. On the other hand, one doesn't have to become negative, one doesn't have to retreat to mere talking about the climate just because of the mistakes made during the 1950's.

It is easy to understand that partial programs won't produce all around development. Educators know that limited methods produce limited results. Increasing one's knowledge regarding organization principles won't necessarily change a self-centered authoritarian into a considerate, consultative leader. Educators know that growth cannot be forced by edicts, or by orders. When management plans its sales of products it emphasized the benefits to the customers; when management seeks to grow executives, it needs to be equally astute in "selling" the participants in terms of their career growth, not merely because the company will benefit. More management development specialists need to become educators. They need to understand that most people want to become bigger persons and that they *can* grow and develop when educational experience is provided which, in Larry Appley's words, "Increases the knowledge, adds to the skills, changes the habits, and influences the attitudes of persons."

The mistakes of the past are not too serious. While in some cases they have contributed to high costs for the results attained and have delayed company progress here and there, the positive gains from 500,000 key executive personnel in systematic growth programs each year, are highly significant, not only for the companies, but for our economy and our society as well. The only serious mistake would be for managements generally to lose confidence in education as the most effective way of growing the quantity and quality of executives needed.

Wise administration of management development plans will demonstrate that high confidence is justified; in fact, that only through continuous education of at least its key personnel can management meet the demands of a rapidly changing economy in which a management idea ten years old needs to be examined to see if it is out of date.

Management Development Opportunities of the '60's

THE opportunities facing management development in the decade ahead are more numerous than the mistakes of the '50's.

Charles W. V. Meers, Vice President, Personnel, New York Life Insurance Company, made the following statement recently: "A very conservative guess is that we shall need about 30% more managers in the labor force of 1970 than we have today."

He reminds us that the low birth rate of the 1930's gives us a proportionately smaller group of 30 to 40 year-olds from which to select. And we know now that the so-called "natural selection" process will not produce either the number of executives needed, nor will the struggles of the economic jungle produce the executive competence required.

Establishing a Climate for Growth

The first challenge, first because it is basic, is that of becoming expert in establishing a climate where men will *want to grow* and develop and can do so. Climate is a broad term which we somewhat carelessly use to represent the combination of influences materially affecting the attitudes and the behaviors of people. When speaking of climate in an atmospheric sense we think of temperature, wind, moisture and whatever floats around in the air.

When we use it in relation to management development we can identify certain essential constituents — the relative importance of persons compared to things, to profits, to rank and prestige. When persons work in a company which exists to provide satisfying careers in balance with other objectives, the climate is different than in one where profit is the only aim. When recognition is given to persons who represent progressive economic and social viewpoints, the climate is automatically affected. When executives progress on the basis of merit and evidence of growth and development, the climate is conducive to management development. When management gives repeated evidence of believing that it attains its objectives by developing people, then the climate will be right.

Mr. Cleo F. Craig, formerly Board Chairman, American Telephone and Telegraph Company, defined climate well when he said, "Growth is a matter of goals to grow *toward,* of room to grow *in,* of risks and responsibilities to grow *on,* and of inspiring and nourishing a deep desire to keep on *growing.*"

Climate isn't everything, but it is basic. Mark Twain is often quoted: "Everybody talks about the weather, but nobody does anything about it." On the other hand, we can do a lot of things about the psychological climate that we have been discussing. Sound organization, clearly understood and accepted policies and practices that put people first, executive direction that motivates partly because it consults — these will establish a favorable climate and management development will flourish in such a climate. We should remember, however, that management education is a valuable tool in establishing a desirable climate. Through management education something significant can be done about a company's psychological climate.

Experience as an Effective Teacher

A second challenge lies in the area of job experience. During the next few years we should become much more effective in making experience *really and richly educational.* In the early days of management development heavy reliance was placed on job rotation. Even today the literature is full of statements like, "Development comes only from the job." There are two possible fallacies here. In the first place management is something different from accounting, manufacturing, sales, finance, and the other technical spe-

cializations. Experience in a variety of technical specializations does not guarantee that a man will learn to plan, organize, motivate, coordinate and control. And secondly, experience doesn't necessarily educate. Experience is usually over-rated as a teacher. Mere experience is one of the *slowest ways* known to change behavior. Too often the person is so busy doing what he's been told that he really doesn't learn. Then, too, it can be the most *costly* way of learning. The tuition fee collected by the school of experience is the highest known per unit of learning guaranteed. Ways of avoiding costly mistakes can often be learned from a study of the mistakes of others. One does not have to make them all himself. Finally, often — much too often — experience teaches the *old,* the *out-of-date,* the *wrong ways* of *behavior* rather than the newer and the better ways.

Something has to be added to mere experience on the job to make it educational. The learner must study his experience. He must ask, *"What happened* and *why?", "What knowledge* or skill do I need in order to do better the next time I meet this kind of situation?", *"Where else* can I use this new knowledge?", and *"What have I learned* about how to learn?"

Day-by-day experience is merely another kind of text book — interesting and realistic, although often highly repetitious and poorly organized — but one will learn no more from the *textbook of experience* than from other textbooks unless he pours diligently through the daily pages of events and studies hard for their meanings. Even those who give it credit will usually confess, "I learned it the hard way."

What we have been saying is that educators have to be expert in making experience educational and too many know only how to make subject matter interesting, visual and rememberable. That's good as far as it goes, but stops short of putting education into orbit.

Experience will be made educational when management development specialists spend adequate time in providing training for executives in how to coach. There are probably ten persons merely transmitting subject matter for each one who can really coach. It's so easy to tell—it's so difficult to set up a real learning experience. The coach starts with arranging a learning experience: he observes a person's performance; he diagnoses what handicaps him; he prescribes a remedial exercise; he motivates him to try it; he guides him in practice to assure a satisfying degree of success so the individuals adopt the new way of acting and the attitude behind it. Fortunately coaching can be accomplished in groups and for groups right in the midst of operations. During the next decade we can expect to see many systematic management development programs starting from operations rather than from courses, manuals and class-rooms.

One of the most promising ways of changing behavior and improving operations is to *go directly* at improving the operations, but to do it educationally, not by experting the answers; do it as an educator, not as a typical industrial engineer.

Let's illustrate. First the president, or a top management man says, "We are having some difficulty in getting our engineering and our manufacturing divisions to work together harmoniously." And he asks, "Do you have some device that makes strong, high powered personnel cooperate?" The answer is "Yes," somewhat to his surprise. Consequently, a team is set up to study how to improve coordination in the engineering and manufacturing areas selected as the location of the study. The "educator" acts as a discussion leader or he helps the chairman plan and conduct the discussions to get the facts, define the problems and work out solutions. As the meetings progress, it will probably become evident that these highly capable specialists know very little about the principles of sound organization or the principles of line and staff relationships. So the educator suggests it would help if they would study modern principles of organization including line and staff. He sets up three, six or more sessions which help solve their problems. The participants are then usually ready for more sessions because they have uncovered some more problems of planning, organizing, directing, motivating, coordinating and controlling. And, incidentally, they have developed a higher appreciation of the value of education regarding management principles because they find how to implement concepts as well as understand them.

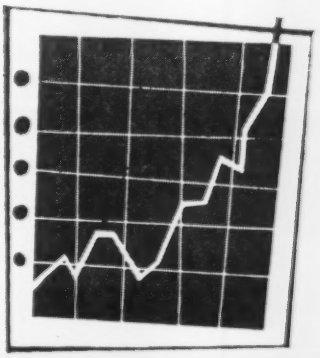
Work experience can be made richly educational. Operations can be used as a major part of a management development curriculum. This is one of the challenges of the next decade.

Guides to Decision-Making

During the 60's management development specialists should become much more effective in educating adults in how to *consciously guide their mental processes* in thinking and deciding. There are principles of logical thinking in business situations. There are guides to making generalizations, to checking assumptions and inferences, to weighing, comparing and deciding. These logical principles can be learned and used to improve the soundness of judgments and to give assurance regarding the decisions made. Automation, data computation and treatment will probably force major attention on logical thinking, both individually and in group decision-making during the next ten years. Enough has been done in this area in recent years to establish the opportunity and the need for a much more extensive and thorough program in this area in the years to come.

Group Leadership For Team Effort

Much has been written and said regarding group dynamics during the past ten years. The next decade offers a



decided challenge to put the principles of democratic group leadership to work in solving problems, in coordinating highly specialized but diverse organization units, in assuring controls, and in motivating highly productive cooperative effort.

This is the art of melding highly capable individuals into team effort. Or, in other words, group leadership.

"Democratic administration," says Ordway Tead, ". . . assures that aims are shared in the making, that working policies and methods are agreed to by those involved, that all who participate feel both free and eager to contribute their best creative effort, that stimulating personal leadership is assured, and that in consequence, the total outcome maximizes the aims of the organization while also contributing to the growing selfhood of all involved in terms of clearly realized benefits."

Long steps can be taken in this direction during the next decade. Long steps had better be taken in this direction during the next decade as an essential contribution to the protection of and the fuller realization of American ideals.

Additional Opportunities

The four opportunities which I have just identified are probably the most apparent. It's easy to recognize the importance of a facilitating climate. Experience must be more than exposure, it must be made richly educational. We know that knowledge must be supplemented by appropriate attitudes and by skills in thinking and decision making. We can see how increasing size and complexity call for more expert group leadership.

But these four opportunities are only the more evident ones. There are many other opportunities waiting to be seized: for one thing, management development will not be the exclusive property of the large company.

Small businesses are beginning to provide management development. Larger companies will probably find themselves recruiting more managerial talent from small businesses and less from competitors. Companies will provide more management education tailored to their needs and integrated with job experience and operations improvement. Trade and professional associations will find one of their largest and most appreciated services consisting of promoting, fostering or even administering management education and development services.

There are two other important areas which need more than casual mention. One of these is concerned with the manager as a man—a total man—who finds that he desires to express himself in areas of experience beyond his business responsibilities.

He recognizes he is a citizen; even his business reminds him of that. Recently certain business leaders have become vocal in urging him to take an active role in civic and political affairs. There are dangers here both for the individual and for business in general; management development could help—provided it rises above training in tactics of defense of business as it is and has been and to the level of civic education. We must also remember that the trend of world events demands that more business leaders be internationally aware and internationally effective.

Then too, most managers have cultural interests in art, music, literature and history. If they are good managers of themselves they will find time to enjoy them. Some managers will be required by their social positions to show appreciation and share leadership in relation to broad cultural interests in their communities. Some managers will need help here.

Practically all managers are men with a sense of mission; they are forced by the very nature of their work to raise questions of personal and social values. Many are searching for a more intelligent and satisfying way of expressing their philosophies. They will be better managers, more useful citizens and happier persons if management development can help each person formulate a challenging and satisfying philosophy.

Sir Noel Frederick Hall of Henley on Thames, the Harvard of England, reminds us that we must develop the whole man. Summing up his point, he says, "The demands that are made on him are made upon the whole man. We have, therefore, in all stages of developing the higher executives to aim at making the whole man, capable of standing alone, fit to be trusted with power, the strong but humble individual who has learned in a free society the reward for good service is, in the words of Chester Bernard, a demand for more service. He has no bag of tricks to rely on, no facile bill of goods to sell—knowing with Robert Bridges that: 'Our stability is but balance and wisdom lies in the masterful administration of the unforeseen.' "

This list of opportunities would not be complete without pointing out what they require of the management development specialist.

It seems quite certain that he must resist the temptation to become negative; his sophistication must rise above explanation of the limitations of instruction in knowledge; he must develop his own abilities to establish climates conducive to growth and development; he must devise ways of making experience really and richly educational—and rapidly too; he must set up educational programs that sharpen men's abilities to think logically and make sound judgments; he must set up experiences where men are willing to look at themselves in the mirror, to appraise their own frames of reference and to change long standing and basic attitudes. These are typical of the requirements which say that the management development specialist must be an educator who knows how to set up new situations where adults will be challenged, encouraged and guided in increasing their knowledge, adding to their skills, changing their attitudes across the whole range of what makes a man a better manager and a manager a better man.

Edwin Markham may not have been thinking of management development, but he wrote about it:

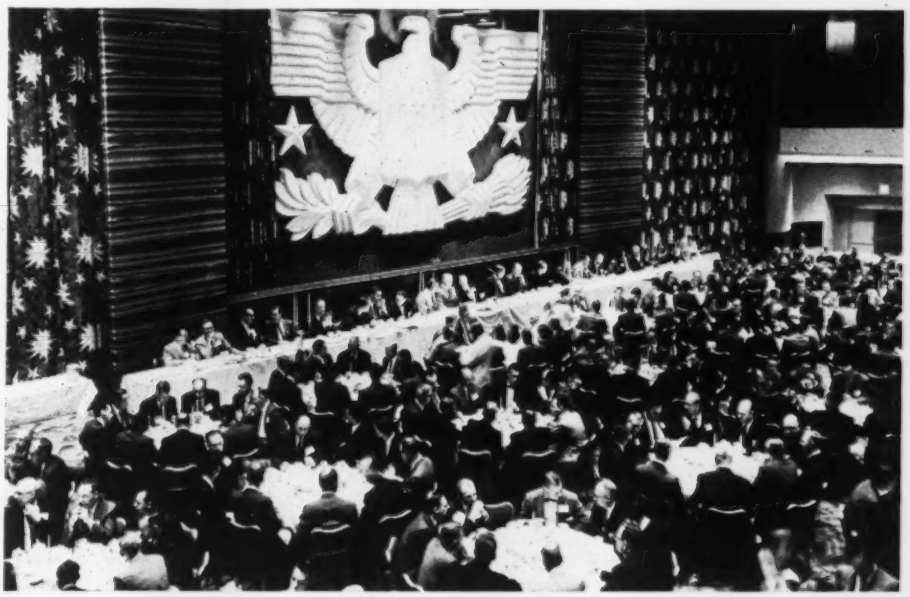
"We are all blind until we see
That in the human plan
Nothing is worth the making
That does not also make the man.
Why build these cities glorious
If man unbuilded goes
In vain we build the work
Unless the builder also grows." ■

S.A.M. News and Notes:

900 Attend 15th Management Engineering Conference

MORE THAN 900 registrants attended the 15th Annual Management Engineering Conference jointly sponsored by the Society for Advancement of Management and the Management Division of the American Society of Mechanical Engineers, held April 7 and 8 at New York's Hotel Statler.

In addition to sessions on Work Sampling, Production and Inventory Control, Cost Reduction and other industrial engineering subjects, the Conference featured an address by Walker L. Cisler, president of Detroit Edison Co., on "The Development of Nuclear Power in the 1960's" at the April 7 Luncheon Session; plus an April 8 Luncheon talk on "Labor Implications in the Face of Advancing Technology" by John L. Young, U.S. Steel vice president of Engineering.



Grand ballroom of New York's Statler Hilton Hotel was the scene of April 7th Luncheon Session.

S.A.M. Awards

The April 8 Luncheon Session was further highlighted by the presentation of three S.A.M. Awards.

Leo B. Moore, associate professor of industrial management at Massachusetts Institute of Technology, was awarded the 1960 Gilbreth Medal by S.A.M. president Dause L. Bibby. The Gilbreth Medal, given in honor of the work of management pioneers Frank B. and Lillian M. Gilbreth, is awarded in recognition of noteworthy achievements in the fields of motion study and motion time study.

Moore, an engineer, author, educator and consultant, was cited for his development of the concept of Improvement Management and his impact on Engineering Standardization. In conferring the award, president Bibby called attention to Moore's "ability to see in motion studies and the work of the Gilbreths the future potential of management by the same organized process," as well as "his application of these principles to military intelligence during World War II, and his successful fight to overcome the handicaps of physical impediments imposed on him by the ravages of war."

The Society's 1960 Materials Handling Award, presented by S.A.M. Materials Handling vice president Warren J. King, was given to W. X. Stanhaus, president of Spector Motor Freight, Inc. In presenting the award, King cited Stanhaus' efforts "to provide better, more efficient material handling in trucking and motor transportation," and his promotion of original research on material handling in the trucking industry. "The research and improvements resulting from your foresight now provide better service to both the general public and American industry," King stated.

Some of the outstanding contributions Stanhaus has helped to pioneer are containerization of freight, mechanized handling within the terminal, "double-bottom" trailer operations and the relay method of moving freight with a minimum loss of time.

The third award presented at the April 8 Luncheon was a silver tray given to Phil Carroll, S.A.M. Chairman of the Board, in recognition of his dedicated efforts in the various Society posts he has held. The tray, inscribed with the names of S.A.M. officers and chapter representatives, was presented by president Bibby.

Board Meeting

At the April 9 meeting of the Society's Board of Directors, James E. Newsome was elected S.A.M. president for the 1960-61

Moore, Stanhaus, Carroll Recipients of S.A.M. Awards at April 8th Luncheon Session

Leo B. Moore (left), M.I.T. professor, is awarded the Society's 1960 Gilbreth Medal. Making the presentation is S.A.M. president Dause L. Bibby.

W. X. Stanhaus (left), president of the Spector Freight Systems, receives 1960 Materials Handling Award from vice president Warren J. King.

Chairman Phil Carroll's work on behalf of S.A.M. is recognized via presentation of a silver tray inscribed with signatures of Society officers.

term. Newsome, production manager of the Chicago plant of Johnson & Johnson, has been active in S.A.M. for 17 years. In 1950, he served the Chicago Chapter as president, and later became secretary, treasurer, 2nd vice president and 1st vice president of the National organization.

Others elected to executive positions in the Society were: Robert B. Curry, comptroller of the Southern Railway Co., Washington, D.C. as first vice president; David N. Wise, manager of Applied Research and Engineering for the Safety Products Division of Mine Safety Appliances Co., Pittsburgh, as second vice president; Hezz Stringfield Jr., finance director of Union Carbide Nuclear Co., Oak Ridge, Tenn. as secretary; and J. Gordon Campbell, secretary-treasurer of Canadian Ingersoll-Rand Co., as treasurer.

In accepting the presidency, Newsome called attention to the new profession that is gradually emerging in today's society—that of the Professional Manager.

"The time has come," he said, "when business managers must take their rightful place among the time-honored professions of law, medicine, teaching and science, for no other group has contributed so much to our economic and social advancement in such a short period of time.

"Business management has become a difficult and complex art," he continued, "and its practitioners attain the professional status only after many years of intensive training and practical experience. S.A.M. has taken the lead in recognizing this status through its 'Professional Manager Citation' which is awarded to individuals who have made outstanding contributions not only to the advancement of scientific management, but also to civic affairs within their respective communities".

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Shown at the charter presentation of the new Suffolk University (Mass.) Chapter are (l-r): Benson Diamond, faculty advisor; Carl G. Urner, Boston Senior Chapter representative; Manuel Segura, Jr., student chapter vice president; and John Mahoney, chairman of the school's Business Department.

University Division News: Year-End Review

By HAROLD FISCHER, President

THIS has been a great year for the University Division with the addition of new chapters and the strengthening of the older chapters. The Performance Reports, submitted under the terms of the Performance Awards Plan, reveal improvement in the quality and variety of chapter activities.

See Editorial, "Welcome — University Division Graduates" by James E. Newsome, on page 4.

A bouquet is in order for the Oklahoma State University Chapter for the part they played in arranging for the proclamation of the Governor of the State of Oklahoma, The Honorable J. Howard Edmondson, in declaring December 8, 1959 as "Better Labor-Management Relations Day", and urging all citizens to join with the Society for Advancement of Management in bringing about full realization of a constructive program to effectuate better labor-management relations. A reproduction of the full proclamation appears on the opposite page.

S.A.M. moved into the State of Iowa with the inauguration of a new chapter at Drake University, Des Moines. Professor Lawrence G. Lindahl joined the institution last fall and, in addition to setting up a new Management Center, has laid the foundations for this new S.A.M. Chapter. Busy men always get things done—congratulations, Professor Lindahl, for your achievement. I am sure that with Kenneth B. Luskin, President, and the other officers, and with your continued inspiration, the future of the chapter at Drake will be bright.

Also, the University Division moved into the Upper Peninsula of Michigan with the organization of a new chapter at the Michigan College of Mining and Technology, Houghton. We pay tribute to the outstanding work that was done by the president, James L. Anderson, who started the ball rolling and carried the undertaking through to a successful culmination. Their program already is well developed.

The organization of a new chapter is well under way at Northwestern University, thanks to the fine work of Professor Sid Phillips and the cooperation of J. Alan Ofner, of the Chicago Senior Chapter.

Likewise, we are pleased with the progress of the organization committee in developing a chapter in the Evening Division of St. Peters College in Jersey City, N. J. Congratulations to Donald Evans, Harold C. Kur-

Hamilton Watch Awards

The world's first electric watch has been awarded by the Hamilton Watch Co. of Lancaster, Pennsylvania, to each of the following University Division Chapters in recognition of their significant growth in membership:

Total Membership
April 1, 1960

Purdue University	213
University of Maryland	208
New York University School of Commerce, Day Division	201

●

% Increase in Membership
April 1, 1959-April 1, 1960

McGill University	1050%
Xavier University	324%
Louisiana State University	280%

●

Absolute Increase in Membership
April 1, 1959-April 1, 1960

McGill University	158
San Jose State College	101
New York University School of Commerce, Day Division	99

STATE OF OKLAHOMA

EXECUTIVE DEPARTMENT

Proclamation

WHEREAS, it is the public policy of this state (a) to promote the normal flow of commerce; (b) to promote the full production of articles and commodities for commerce; (c) to encourage employers and employees to recognize under law one another's legitimate rights in their relations with each other; (d) to encourage each party to recognize under law that neither party has any right in its relations with any other to engage in acts or practices which jeopardize the public health, safety, or interest; (3) to encourage labor organizations, employers and their officials to adhere to the highest standards of responsibility and ethical conduct in administering the affairs of their organizations; and

WHEREAS, these purposes can be more effectively accomplished by promoting a better understanding of the issues involved, and

WHEREAS, the Society for the Advancement of Management at Oklahoma State University has seet fit to develop a program to promote these purposes.

NOW, THEREFORE, I, J. HOWARD EDMONDSON, Governor of the State of Oklahoma, do hereby, urge all citizens to join with the Society for the Advancement of Management in bringing about full realization a constructive program to effectuate better labor-management relations and do hereby proclaim December 8, 1959, as

"BETTER LABOR-MANAGEMENT RELATIONS DAY."

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the State of Oklahoma to be affixed.

Done at the Capitol, in the City of Oklahoma City, this 1st day of December, in the Year of Our Lord one thousand nine hundred and Fifty-nine, and of the State of Oklahoma the Fifty-second.

ATTEST: William A. Christian — SECRETARY OF STATE

J. Howard Edmondson — GOVERNOR

Official proclamation signed by Oklahoma Governor Edmondson urges citizens to join with S.A.M. to bring about better labor-management relations.